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## China, Peoples Republic of

### Asparagus

### Annual

### 2006

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**Report Highlights:**

During 2007, China's asparagus production (largest in the world) is forecast to reach 500,000 MT, assuming normal weather conditions prevail, a nine-percent increase from 2006 levels fueled mainly by high commodity prices and growing world demand. Asparagus exports in 2006 are expected to decrease by 25 percent due to a decline in production and limited stocks. The decline is expected to impact international market prices by tightening world supplies. Post forecasts the acreage of asparagus greenhouses will expand rapidly in the next three to five years driven by increasingly higher returns.

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## Executive Summary

As the world's largest asparagus producer, China's production is expected to recover to 500,000<sup>1</sup> metric tons (MT) in 2007 after two consecutive years of decline. In 2006, production is estimated at 400,000 MT, an 11-percent decline from 2005. Low yields resulting from unfavorable weather conditions and low planting density are the major factors contributing to the decrease in production. Asparagus exports in 2006 are estimated to decrease by 30 percent due to a decline in production and limited stocks.

## Production

China's fresh asparagus production is forecast to increase 25 percent to 500,000 MT in 2007 mainly driven by record-high prices. Post's market intelligence collected from processors and distributors indicates that industry is optimistic about production in 2007. Although production during 2006 is much lower than expected, the newly developed acreage in 2005 will be available for harvest by 2007, and record-high prices in the recent two years will encourage more inputs from asparagus farmers anticipating improved yields. Post's 2007 production increase forecast largely depends on climate conditions. In 2003 and 2004, unusually heavy rain in major asparagus planting provinces destroyed large asparagus acreage and led to large-scale disease outbreaks. In 2005, asparagus acreage was developed to make up for the significant 2003-4 decline.

Post estimates China's 2006 asparagus production at 400,000 MT. Industry sources indicate that the 2006 yield is relatively lower than 2005, about 7.5 – 11.25 MT/ha in 2006, down from 11.25- 15 MT/ha in the previous year. The unusually low yield is a result of unfavorable weather and low planting density. The normal planting density is about 1400-1500 plants/mu (1 ha = 15 mu), whereas the average density in 2006 was only about 800-900 plants/mu.

In 2006, China's asparagus acreage is estimated at 65,000 hectares, of which, about 45,000 hectares are available for harvest. The major asparagus producing provinces in China are Shandong, Shanxi, Fujian and Jiangsu provinces, accounting for more than 80 percent of China's total asparagus acreage. More than 99 percent of China's asparaguses are planted in open fields. Sources indicate a few areas growing green asparagus in greenhouses are emerging in Qingxu County (Shanxi Province), Anqiu (Shandong Province), and Fuyang (Zhejiang Province).

Post forecasts the acreage of asparagus greenhouses will expand rapidly in the next three to five years driven by increasingly higher returns. The harvest season for greenhouse asparagus is from mid-November through mid-March, and prices average \$2.5-5/kg; while asparagus in open fields is harvested from mid-April through mid-September, and prices range from \$0.5-1.5/kg. All of China's greenhouse asparagus production is for domestic fresh consumption.

White asparagus accounts for about 80 percent of total production, and most of the white asparagus is processed for export. Green asparagus accounts for about 20 percent of total production, and 2/3 of green asparagus is for domestic fresh consumption. Post forecasts the share of green asparagus will increase steadily within the next three years driven by the demand from both international and local markets.

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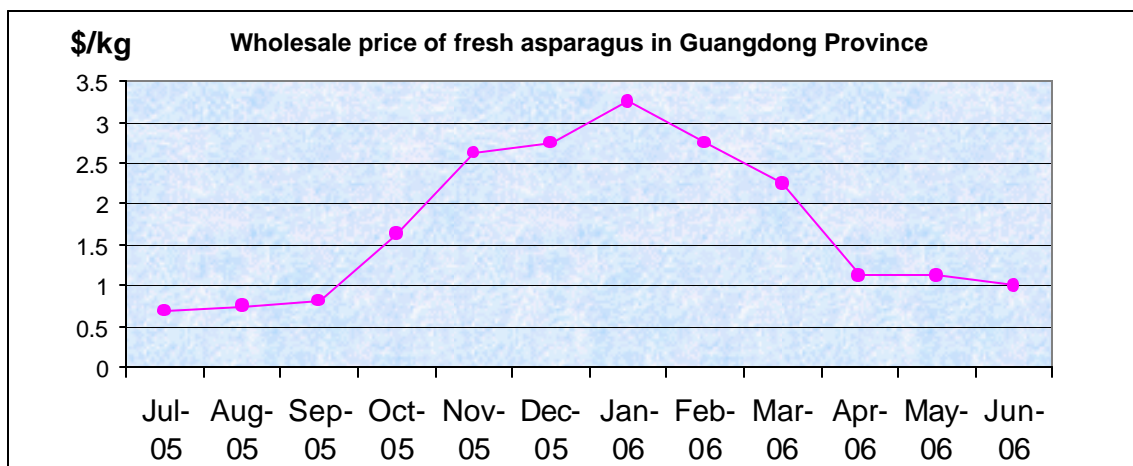
<sup>1</sup> There is no official statistics of asparagus in China. All of production and consumption data in this report is estimated by Post based on analysis of industry sources.

Although China is the world's largest asparagus producer, its yield and quality remains low due mainly to old variety crops and low field management technology. Sources indicate that low-quality F2 seeds are planted on more than 80 percent of total acreage in China, while in other major asparagus producing countries, Peru, for example, F1 seeds are dominant. Due to China's developing asparagus seed technology, most asparagus seeds are imported from the United States. The situation is expected to change in the coming years, because the Asparagus Research Center of China (ARCC, located in Weifang, Shandong Province) has successfully cultivated several new asparagus varieties. However, demand for imported high-quality asparagus seeds remains strong. Post received requests from the Shanxi Asparagus Association to purchase U.S. asparagus seeds. Exporters are encouraged to contact Post by email: [agbeijing@usda.gov](mailto:agbeijing@usda.gov), or at telephone: +(86 10) 6532-1953; or fax: +(86 10) 6532-2962

### Consumption

More than 80 percent of China's asparaguses are processed for export. Most Chinese consumers do not include asparagus in their daily diet, mainly because of high prices and traditional dietary habits. However, Post forecasts local fresh green asparagus consumption will increase in tandem with rising incomes and better informed consumers about the nutritional benefits of asparagus. As proof, industry sources indicate that Shanghai's per capita asparagus consumption is 0.8kg, the highest in China, followed by Beijing and Guangzhou. Consumers with high incomes and better health information are likely to consume more asparagus.

Asparagus is available all year round in Chinese markets with varying prices. The table below describes the prices for fresh asparagus in the Jiangnan Vegetable Wholesale Market, located in Guangzhou, Guangdong Province. Daily prices for Shanghai's fresh asparagus are available at <http://www.shian.gov.cn/web/jghq.aspx>



### Trade

China's 2006 asparagus exports are estimated to decline 25 percent in volume and 10 percent in value, because of the high export prices resulting from tight supplies. The average export price of jarred/canned asparagus (H.S. code: 200560) in the first half year of 2006 was \$1.67/kg, 48 percent higher than in the same period for the previous year.

Although asparagus production decreased about 30 percent in 2005, China's jarred/canned asparagus exports totaled 106,456 tons, a nine-percent increase from 2004, due to high stock volumes. However, industry sources indicate that much of China's asparagus stocks have been exhausted in MY05/06 (April – March), and exports in 2006 will heavily depend on production.

Although asparagus is a labor-intensive crop, China is a low-price producer because of its comparative advantage in labor. Low prices make China's asparagus highly competitive in international markets despite its comparatively low quality.

China mainly exports jarred/canned asparagus, valued at \$127 million in 2005, and small amount of fresh asparagus - valued at \$1.9 million in 2005. Japan is China's top export destination for fresh asparagus. In 2005, Japan accounted for 50 percent of China's total fresh asparagus exports to the world.

Local industry sources reported that pesticide residue problems will likely limit China's fresh asparagus exports. Japan's positive list system will make it more difficult for China to export agricultural products to this destination. Chinese customs statistics state that China's agricultural exports to Japan via Tianjin port dropped to \$50 million in June, down 26 percent according to year-to-date data or 22 percent compared to the previous month. Other ports like Yantai in Shandong also reported similar declines. Notwithstanding, Post forecasts China's fresh asparagus exports will increase steadily with the improvement of new high-quality varieties, and better field management and processing technology. The improvement will come as a result of higher profit margins yielding from fresh asparagus than canned product.

China is not an asparagus importer.

Asparagus Products Import Tariff and VAT Rates for 2006				
H.S. Code	Description	Tariff	VAT	Export Drawback*
07092000	Asparagus, fresh or chilled	13	13	5
20056010	Asparagus, in airtight containers	25	17	13
20056090	Asparagus, Other	25	17	5,13
Source: China Customs				
* Export Drawback refers to the refund on the value-added tax (VAT)				

## Policy

There are no specific government policies or support programs that encourage asparagus production in China. Although, Post's market intelligence indicates that local governments of major asparagus producing regions provide technical and financial supports to asparagus production. With the added cost of seed procurement, prophase investment of asparagus planting is relatively high. Since it takes approximately two years before asparagus can be harvested, farmers yield no income in the first two years of planting, and local governments have stepped in to provide assistance via small low interest loans to asparagus farmers for the purchase of production material. In addition, technical training is also provided by local organizations and financially supported by local governments to improve yield and quality.

## Statistics Table

Table 1. Fresh asparagus PS&amp;D table

PSD Table							
Country	China, Peoples Republic of						
Commodity	Asparagus, Fresh				(HA)(MT)		
	2005	Revised	2006	Estimate	2007	Forecast	UOM
	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	USDA Official [Old]	Post Estimate [New]	
Market Year Begin		01/2005		01/2006		01/2007	MM/YYYY
Area Planted	0	60000	0	65000	0	71000	(HA)
Area Harvested	0	40000	0	45000	0	51000	(HA)
TOTAL Production	0	450000	0	400000	0	500000	(MT)
Imports, Fresh	0	50	0	0	0	0	(MT)
TOTAL SUPPLY	0	450050	0	400000	0	500000	(MT)
Exports, Fresh	0	1187	0	900	0	1500	(MT)
Domestic Fresh Market	0	89500	0	90000	0	95000	(MT)
For Processing	0	359363	0	309100	0	403500	(MT)
TOTAL UTILIZATION	0	450050	0	400000	0	500000	(MT)

Table 2. Canned asparagus exports

Metric Tons						
H.S. 200560						
Country	1st Qtr 2005	2nd Qtr 2005	3rd Qtr 2005	4th Qtr 2005	1st Qtr 2006	2nd Qtr 2006
Spain	2,086	12,582	17,565	6,137	1,477	7,779
Germany	3,970	4,273	8,843	3,351	1,470	3,479
Netherlands	1,612	1,683	3,308	1,548	97	1,234
France	2,747	1,952	5,491	2,762	967	1,186
Japan	837	1,473	1,150	934	708	792
Australia	391	337	424	247	398	457
Denmark	547	472	1,008	799	301	321
Belgium	1,320	1,591	3,134	1,488	941	189
Brazil	157	125	268	161	159	188
Sweden	372	479	454	367	213	147
Italy	274	392	687	96	34	120
Indonesia	114	23	178	122	106	84
Switzerland	104	0	114	96	14	75
Others	1,265	1,379	2,008	1,159	895	401
Total	15,796	26,761	44,633	19,265	7,780	16,451